MONTANA STATE LOTTERY

REPORT ON MONTANA CASH DRAWINGS

JUNE 30, 1998

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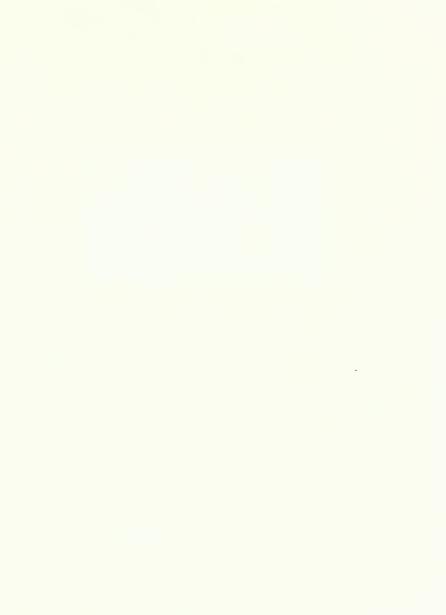


MONTANA STATE LOTTERY

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JUNE 30, 1998

Henry Fenton Certified Public Accountant



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LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor John W. Northey, Legal Counsel Tori Hunthausen, IT & Operations Manager



Deputy Legislative Auditors: Jim Pellegrini, Performance Audit James Gillett, Financial-Compliance Audit

September 1998

The Legislative Audit Committee of the Montana State Legislature

Enclosed is the report on the audit of the Montana State Lottery Observations for the year ended June 30, 1998.

The audit was conducted by Henry Fenton, CPA, under a contract between the firm and our office. The comments and recommendations contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

Sincerely,

Scott Seaca

Legislative Auditor

98C-04



MONTANA STATE LOTTERY COMMISSION MEMBERS AND ADMINISTRATIVE OFFICIALS June 30, 1998

COMMISSION MEMBERS RESIDENCE

Glasgow Rebecca Erickson, Chairperson

Carol Thomas Great Falls

Robert Crippen Butte

Cliff Brophy Columbus

Kalispell Donald Murray

ADMINISTRATIVE OFFICIALS

Gerald J. LaChere, Director

L. John Onstad, Director of Security

Leslie Darfler, Director of Operations

MONTANA STATE LOTTERY

INTRODUCTION

I performed the following agreed-upon procedures for the Montana State Lottery for the year ended June 30, 1998:

- witnessing and reporting on all Montana Cash drawings;
- witnessing and reporting on all "10th Birthday" special second chance drawings;
- 2) examining all lottery drawing equipment prior to and after each drawing; and
- 3) testing compliance with applicable statutes and regulations.

BACKGROUND

The Montana State Lottery was created in November, 1986 by a referendum vote of the people of Montana. The "Montana State Lottery Act of 1985" rules and subsequent changes are contained in Chapter 669 of the Montana Session Laws and Title 23, Chapter 7, of the Montana Code Annotated. The general purpose of the law is to allow lottery games in which the players purchase from the State, through the administration of the state lottery, a chance to win a prize.

REPORTABLE OBSERVATIONS

In addition to the independent accountant's report on agreed-upon procedures, I am to report on serious inadequacies in operating controls and procedures, activities not authorized by the legislature, and my recommendations to the State and the Lottery. I have nothing to report in those areas.



HENRY FENTON CERTIFIED PUBLIC ACCOUNTANT

1052 NORTH RODNEY HELENA, MONTANA 59601-3578

TELEPHONE: (406) 449-6049

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 30, 1998

To the Commissioners Montana State Lottery Helena, Montana

I have performed the procedures enumerated below, which were agreed to by the Montana State Lottery and the Montana Legislative Audit Division with respect to the Montana Cash drawings of the Montana Lottery for the year ended June 30, 1998. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures were designed to review the applicable rules as developed by the Montana State Lottery to determine that such rules are adequate to insure:

All drawings are conducted in accordance with applicable rules and regulations.

All drawings are conducted in a secure, honest and fair manner.

The procedures I performed and my findings are summarized as follows:

- I read the "Montana Cash Drawing Procedures". In performing this and other steps of my procedures, I gave consideration to the adequacy of controls over the drawing process.
- I observed the unlocking of the machine cabinet and determined that the seals on the machine cabinet door, ball locker, and ball sets were unbroken and that the seals were numbered the same as the seals placed there when I was last present.
- I observed the random selection of the primary and back-up drawing machines and the primary and alternate ball sets.
- I observed the pre-drawing tests, recorded the results and determined that the applicable procedures were followed.



- I observed the official "Montana Cash" drawings and determined that the applicable 5. procedures were followed.
- l observed the performance of the post-drawing tests, recorded the results and determined 6. that the applicable procedures were followed.
- 7. I observed the resealing of the ball sets, ball locker and machine cabinet door.
- I observed the special "10th Birthday" second chance drawings on July 2, 1997; July 9, 8 1997; July 16, 1997; July 23, 1997; July 30, 1997; and August 6, 1997 and determined that the applicable procedures were followed.

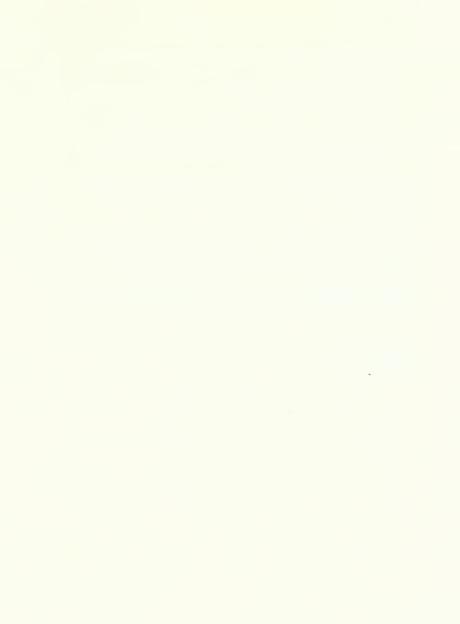
I have furnished the Legislative Audit Division with a summary letter after each drawing stating that the Montana Cash drawings were performed and observed by me. The letters would include any unusual occurrences or deviations from the established rules and procedures.

No exceptions were found as a result of applying the above procedures.

I was not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Montana Cash drawing procedures for the year ended June 30, 1998. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of the Montana Lottery and the Montana Legislative Audit Division and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

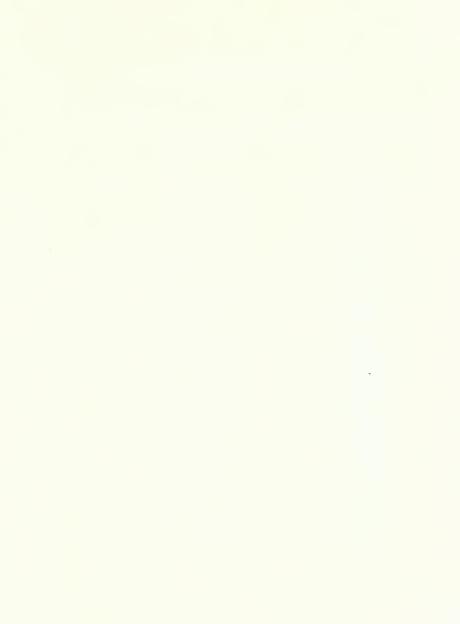
Henry Tenton Certified Public Accountant



MONTANA STATE LOTTERY STATEMENT OF MONTANA CASH WINNING NUMBERS Year Ended June 30, 1998

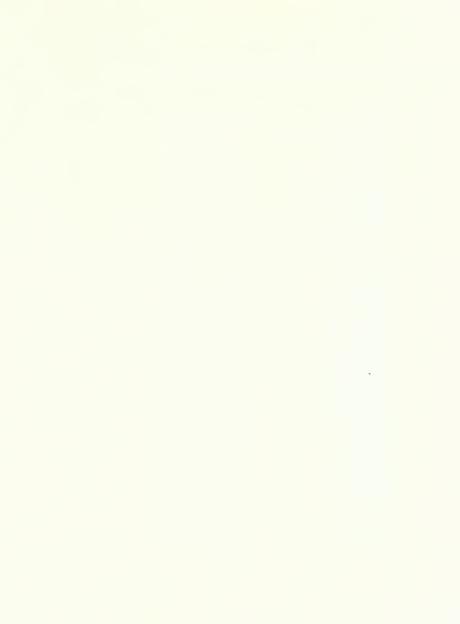
The following Montana Cash drawings were held twice a week, Wednesdays and Saturdays, at Lottery Headquarters, Helena, Montana. The winning numbers were:

DATE	WIN	WINNING NUMBERS				
July 2, 1997	13	30	31	24	8	
July 5, 1997	1	31	16	7	12	
July 9, 1997	32	13	6	2	16	
July 12, 1997	8	21	22	26	2	
July 16, 1997	37	21	6	29	l	
July 19, 1997	14	12	33	26	29	
July 23, 1997	24	23	37	25	18	
July 26, 1997	18	30	7	29	26	
July 30, 1997	18	26	22	11	6	
August 2, 1997	13	15	27	35	28	
August 6, 1997	14	23	36	33	20	
August 9, 1997	6	13	7	21	23	
August 13, 1997	33	16	22	26	27	
August 16, 1997	29	27	11	30	23	
August 20, 1997	2	10	25	11	30	
August 23, 1997	27	9	33	37	14	
August 27, 1997	28	33	31	19	25	
August 30, 1997	15	14	6	24	21	
September 3, 1997	16	25	4	27	30	
September 6, 1997	27	6	35	7	3	
September 10, 1997	15	3	20	8	14	
September 13, 1997	2	32	28	27	13	
September 17, 1997	19	11	26	7	22	
September 20, 1997	6	31	14	27	4	
September 24, 1997	28	1	26	32	35	
September 27, 1997	29	27	30	24	33	
October 1, 1997	1	36	14	31	30	
October 4, 1997	15	20	34	29	8	
October 8, 1997	37	35	22	21	10	
October 11, 1997	2	17	20	22	14	
October 15, 1997	3	31	29	30	19	
October 18, 1997	15	23	22	7	26	
October 22, 1997	28	14	25	1	18	
October 25, 1997	31	15	3	24	22	
October 29, 1997	2	22	27	19	36	
November 1, 1997	24	1	8	16	37	
November 5, 1997	30	37	34	13	4	
November 8, 1997	33	35	32	34	3	



MONTANA STATE LOTTERY STATEMENT OF MONTANA CASH WINNING NUMBERS (CONTINUED) Year Ended June 30, 1998

November 12, 1997	30	16	20	33 21
November 15, 1997	8	3	22	9 11
November 19, 1997	17	19	18	14 27
November 22, 1997	12	37	26	23 7
November 26, 1997	8	32	17	37 2
November 29, 1997	17	37	12	29 11
December 3, 1997	2	21	15	28 26
December 6, 1997	9	12	6	17 20
December 10, 1997	18	35	19	14 23
December 13, 1997	14	3	15	21 22
December 17, 1997	36	10	18	12 1
December 20, 1997	23	29	26	27 25
December 24, 1997	35	12	18	30 25
December 27, 1997	8	4	22	11 31
December 31, 1997	19	21	22	28 12
January 3, 1998	9	4	16	26 37
January 7, 1998	11	2	28	4 33
January 10, 1998	29	3	2	36 34
January 14, 1998	33	21	12	23 11
January 17, 1998	9	23	32	27 35
January 21, 1998	18	24	33	19 9
January 24, 1998	14	17	20	21 22
January 28, 1998	7	12	1	31 16
January 31, 1998	29	24	18	9 19
February 4, 1998	25	15	11	22 27
February 7, 1998	20	15	30	7 19
February 11, 1998	24	1	29	12 27
February 14, 1998	1	9	30	23 24
February 18, 1998	31	34	21	33 6
February 21, 1998	32	14	24	33 29
February 25, 1998	34	35	5	20 15
February 28, 1998	10	13	24	16 29
March 4, 1998	33	4	29	27 30
March 7, 1998	26	10	20	4 21
March 11, 1998	28	23	34	24 11
March 14, 1998	10	20	2	7 11
March 18, 1998	21	11	19	36 31
March 21, 1998	20	25	12	24 33
March 25, 1998	21	11	27	31 28
March 28, 1998	16	1	30	11 7
April 1, 1998	8	16	29	2 11
April 4, 1998	18	15	9	23 10
April 8, 1998	34	32	37	11 29
April 11, 1998	2	31	4	7 21
מצפו 11, 11, 1990	2	31	4	/ 21



MONTANA STATE LOTTERY STATEMENT OF MONTANA CASH WINNING NUMBERS (CONTINUED) Year Ended June 30, 1998

April 15, 1998	12	17	7	26	10
April 18, 1998	5	34	35	23	13
April 22, 1998	19	34	1	37	29
April 25, 1998	15	1	32	10	19
April 29, 1998	35	6	7	36	10
May 2, 1998	9	27	23	16	11
May 6, 1998	37	15	27	21	6
May 9, 1998	5	20	22	27	33
May 13, 1998	8	25	16	21	30
May 16, 1998	30	11	27	18	36
May 20, 1998	32	10	13	11	29
May 23, 1998	9	31	26	35	10
May 27, 1998	32	29	10	19	7
May 30, 1998	13	22	4	17	16
June 3, 1998	28	12	31	3	27
June 6, 1998	34	18	1	20	8
June 10, 1998	4	17	36	30	9
June 13, 1998	19	4	36	35	30
June 17, 1998	5	8	25	32	36
June 20, 1998	15	2	34	11	20
June 24, 1998	24	20	9	31	3
June 27, 1998	16	11	31	24	15

